

AR46

July 28,
1966

CON-SHAWKEY GOLD MINES

LIMITED

ANNUAL
REPORT

1965

CON-SHAWKEY GOLD MINES LIMITED

(Incorporated under the laws of Ontario)

Officers

T. H. McNALLY, *President*

I. C. CHRISTOPHER, *Vice-President*

G. H. DUFF, *Secretary-Treasurer*

Directors

I. C. CHRISTOPHER

W. A. CRAWFORD

G. H. DUFF

T. H. McNALLY

T. P. O'CONNOR

Registrar and Transfer Agent

PREMIER TRUST COMPANY
Toronto, Ontario

Executive Office

Suite 1301, 8 King Street East,
Toronto, Canada

Annual Meeting

King Edward Hotel
June 29

A MEMBER OF THE POLAR INVESTMENT GROUP

THE TWO LOCATIONS of

CON-SHAWKEY

GOLD MINES LIMITED

in LANGMUIR TOWNSHIP, TIMMINS AREA, ONTARIO

0 1 2 miles

PARAMAQUE

CON-SHAWKEY

LANGMUIR TWP.

FOX LAKE

CON-SHAWKEY

(OPTIONED TO
MINING CORP.)

**MINING CORPORATION
&
INTERNATIONAL NICKEL**

APPROX. AREA of DRILLING

OURGOLD

PCE EXPLORATIONS

WACO

**NATIONAL
EXPLORATIONS**

FOX LAKE

CANTRI

APPROX. DRILLED AREA

**MCWATTERS
& QUEBEC MANITOU**

ALL MAPS ARE DRAWN FROM INFORMATION BELIEVED TO BE
RELIABLE BUT INDIVIDUAL OWNERSHIP AND EXACT LOCATIONS
ARE NOT CERTIFIED. THIS MAP IS NOT TO BE REPRODUCED
IN ANY MANNER EITHER IN WHOLE OR IN PART WITHOUT THE
WRITTEN PERMISSION OF
J. LANGRIDGE, JR.
PRESIDENT, LANGRIDGE LIMITED

June 7, 1966

REPORT to the SHAREHOLDERS:



T. H. McNALLY, President

Your directors are pleased to review the company's current exploration activities in this report which also carries financial statements for the 15-month period to March 31, 1966.

The Highlight of the past year was the acquisition of six strategically-located claims in Langmuir township, in the Timmins area of Northern Ontario. These claims are adjacent to and on strike of claims on which it is believed a significant nickel find has been made by Noranda Group and International Nickel interests, working jointly.

After resolution of a title dispute, Con-Shawkey signed an option agreement covering the six claims, with Mining Corporation of Canada (1964) Limited. Under the agreement, Mining Corp. was committed to carry out an extensive exploration program on the claims consisting of magnetic and electromagnetic surveys, geological mapping and diamond drilling. At such time as \$75,000.00 has been expended a new Company is to be formed in which your Company and Mining Corp. will participate jointly on a 49 and 51% basis respectively.

Linecutting started on the claims in February of this year, followed by magnetic and electromagnetic surveys. Diamond drilling started in April. Five holes were drilled — to depths of approximately 400 feet at 45° angles — to test various geophysical features. Core from all holes showed mineralization over widths up to 60 feet. Values up to 0.32% nickel per ton were obtained.

Drilling was suspended during the break-up period and during this time geological mapping was carried out. Your company has now been informed that diamond drilling will be resumed within the next few weeks.

Also in February of this year, your company acquired 8 additional claims in Langmuir township. This well located group is approximately one mile to the north of the Con-Shawkey property optioned to Mining Corp.

On the eight-claim group, magnetic and electromagnetic surveys have been carried out over the entire property. Many anomalous features were outlined by this program; however one extremely important co-incident magnetic and electromagnetic anomaly was outlined in an area where sulphides had earlier been found in surface outcrops. Diamond drilling is scheduled to start immediately.

On Con-Shawkey's claims in Poirier township, Northwestern Quebec, Noranda Exploration Co. Ltd. carried out a geophysical survey, followed by diamond drilling. Although results obtained were disappointing, sufficient work has been done to keep the claims in good standing for two years.

The company is considering a diamond drill program on its Jessop township claims in the vicinity of the Texas Gulf Company's base metal find, near Timmins, Ontario.

Your company has no immediate plans for further work on its gold property in the Val d'Or region of Quebec. The property is being maintained in good standing.

Other mineral prospects are being explored.

Your directors are greatly encouraged by the potential of the current programmes. Developments over the coming months could be of considerable importance to the future of your company.

On behalf of the Board,

A handwritten signature in dark ink, appearing to read 'T. H. McNALLY'.

T. H. McNALLY,
President.

CON-SHAWKEY GOLD MINES LIMITED

(Incorporated under the laws of Ontario)

Balance Sheet as at

ASSETS

CURRENT ASSETS:

Cash in bank	\$	48,062.19	
Cash on deposit		50,000.00	
Accounts receivable		2,502.56	\$ 100,564.75

MINING PROPERTIES — at cost:

— 4 mining concessions, Dubuisson Township, Bourlamaque area, Quebec	\$	327,450.00	
— 9 mining claims, Poirier Township, Joutel area, Quebec		20,000.00	
— 9 mining claims, Jessop Township, Porcupine Mining Division, Ontario		22,500.00	
— 6 mining claims, Langmuir Township, Porcupine Mining Division, Ontario (notes 2 and 3)		55,000.00	
— 8 mining claims, Langmuir Township, Porcupine Mining Division, Ontario		5,000.00	429,950.00

DEFERRED EXPENDITURES:

Exploration and development	\$	1,002,408.29	
Administration and general		206,220.48	
Organization expense		6,251.75	1,214,880.52

\$ 1,745,395.27

- Notes:** (1) Capital Stock: During the fifteen months ended March 31, 1966 the Company valued by the directors at 10 cents per share for mining claims.
- (2) Mining Claims: Pursuant to an agreement with Mining Corporation of Canada, the Company has agreed to acquire a 51% interest in these claims by spending up to \$1,000,000.
- (3) Mining Claims: The Company would be required to issue 50,000 shares of common stock if the claims are brought into commercial production under the agreement.

AUDITORS' REPORT

We have examined the balance sheet of Con-Shawkey Gold Mines Limited and the application of funds for the fifteen months ended on that date. Our examination was based on the records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the above balance sheet and attached statements of deficit and surplus are in accordance with the principles applied on a basis consistent with that of the preceding period.

TORONTO, Canada,
May 18, 1966.

March 31, 1966

LIABILITIES

CURRENT LIABILITIES:

Accounts payable \$ 13,633.86

SHAREHOLDERS' EQUITY

CAPITAL STOCK:

Authorized: 5,000,000 shares of \$1.00 each

Issued and fully paid: 3,097,083 shares \$ 3,097,083.00

Less: Discount on shares 2,272,792.00

\$ 824,291.00

Contributed surplus 1,667,209.00

\$ 2,491,500.00

Deficit 759,738.59 1,731,761.41

Approved on behalf of the Board:

T. H. McNALLY, Director.

G. H. DUFF, Director.

\$ 1,745,395.27

issued 450,000 shares of capital stock for \$120,000.00 cash and 50,000 shares of capital stock for mining claims.

On March 31, 1966, the Company has granted an option to the public for the purchase of 5,000,000 shares of capital stock for \$5,000.00 on an exploration programme.

The option is for the purchase of capital stock as further consideration for the mining claims, if and when these claims are referred to in note 2.

THE SHAREHOLDERS

On March 31, 1966, and the statements of deficit, deferred expenditure and source and included a general review of the accounting procedures and such tests of accounting

as to whether the deferred expenditure and source and application of funds present fairly the financial position of the Company for the fifteen months ended March 31, 1966, in accordance with generally accepted accounting

NEFF, GOODWIN & CO.,
Chartered Accountants.

CON-SHAWKEY GOLD MINES LIMITED

Statement of Deficit

FOR THE FIFTEEN MONTHS ENDED MARCH 31, 1966

Balance, December 31, 1964		\$715,094.48
ADD: Loss on sale of mine equipment	\$42,739.11	
Mine buildings written off	1,405.00	
Prospecting expense	500.00	44,644.11
Balance, March 31, 1966		<u>\$759,738.59</u>

Statement of Deferred Expenditure

FOR THE FIFTEEN MONTHS ENDED MARCH 31, 1966

ADMINISTRATION AND GENERAL:

Balance, December 31, 1964		\$199,586.25
Shareholders' meetings and reports	\$ 1,019.46	
Management fees	1,500.00	
Legal and audit fees	3,568.47	
Transfer agency fees	1,483.88	
Government fees and taxes	464.17	
Stock exchange fees	725.76	
Travel	220.74	
General expense	5.86	
	<u>\$ 8,988.34</u>	
Less: Interest earned	2,354.11	6,634.23
Balance, March 31, 1966		<u>\$206,220.48</u>

CON-SHAWKEY GOLD MINES LIMITED

Statement of Deferred Expenditure FOR THE FIFTEEN MONTHS ENDED MARCH 31, 1966

EXPLORATION AND DEVELOPMENT:

Dubuisson Township claims:

Balance, December 31, 1964		\$986,265.62
Wages	\$1,540.00	
Licenses, fees and taxes	336.30	
Insurance, compensation, etc.	269.72	2,146.02
		<u>\$988,411.64</u>
Less: Adjustment of prior years' expenses		733.00
Balance, March 31, 1966		\$ 987,678.64

Jessop Township claims:

Balance, December 31, 1964	\$ 2,665.00	
Geophysical survey	\$1,500.00	
Travel	123.75	
Licenses, fees and taxes	30.00	1,653.75
Balance, March 31, 1966		\$ 4,318.75

Longmuir Township claims Group II:

Geophysical survey	\$ 2,000.00	
Engineering fees	604.25	
Travel and transportation	370.45	
Sundry expense	36.20	
Balance, March 31, 1966		3,010.90

Poirier Township claims:

Balance, December 31, 1964		7,400.00
		<u>\$ 1,002,408.29</u>

CON-SHAWKEY GOLD MINES LIMITED

Statement of Source and Application of Funds FOR THE FIFTEEN MONTHS ENDED MARCH 31, 1966

SOURCE:

Sale of 450,000 shares of capital stock	\$120,000.00
Sale of equipment	15,200.00
Interest earned	2,354.11
	<u>\$137,554.11</u>

APPLICATION:

Administration and general expenditure	\$ 8,988.34	
Exploration and development expenditure	6,077.67	
Acquisition cost of mining claims	55,000.00	
Prospecting expense	500.00	70,566.01
Balance, representing the increase in working capital as set out below		<u>\$ 66,988.10</u>

	March 31 1966	December 31 1964	
Current assets	\$100,564.75	\$32,308.64	
Current liabilities	13,633.86	12,365.85	
Working capital	<u>\$ 86,930.89</u>	<u>\$19,942.79</u>	<u>\$ 66,988.10</u>

CON-SHAWKEY GOLD MINES LIMITED

ANNUAL REPORT — 1965